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**(Washington)**— *The following is a statement by Rep. Luis V. Gutierrez (D-IL) who is Chairman of the House Subcommittee on Financial Institutions and Consumer Credit of the House Financial Services Committee.*

Today's Senate Permanent Subcommittee on Investigations hearing on the involvement of Goldman Sachs in the causes of the financial crisis has generated revelations about their actions that some of us have long suspected: Goldman Sachs played a significant part in creating and selling the financial products that caused the current economic crisis.

The documents released by the committee show that not only did Goldman Sachs finance some of the worst, most egregious and abusive subprime mortgages but that they securitized these subprime mortgages and then used synthetic collateralized debt obligations (CDO's) to bet against the very types of mortgages they financed.

The most telling of all of these revelations is the extent that Goldman Sachs was involved in the

CDO market. According to the company's own internal documents, Goldman Sachs was among the top five of all the CDO underwriters in the nation and among these were a significant amount of "synthetic" CDO's.

In my opinion, synthetic CDO's appear to have no legitimate benefit to the American economy. Warren Buffett warned that CDO's were "financial weapons of mass destruction" and I agree with him. These synthetic CDO's created by Goldman Sachs and others did nothing to help our economy. They do not create any new investment. In fact, the only reason that many of them were created in the first place was to place casino-like bets on assets that were not owned by either side of the CDO.

With the information released today and my own observations over time, I can come to only one conclusion: Goldman Sachs is a leading merchant of these financial weapons of mass destruction. Their reckless profiteering warrants further investigation and prompt action. Goldman Sachs' involvement in the CDO market needs to be investigated further, especially if we are to truly understand the causes of this crisis.

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